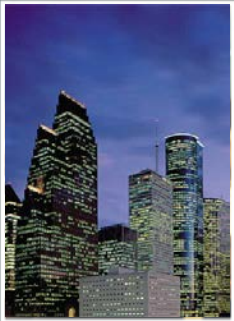


FINANCE DEPARTMENT

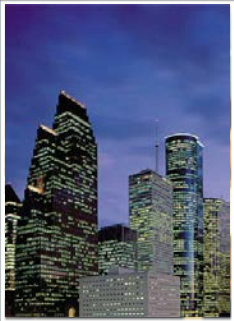
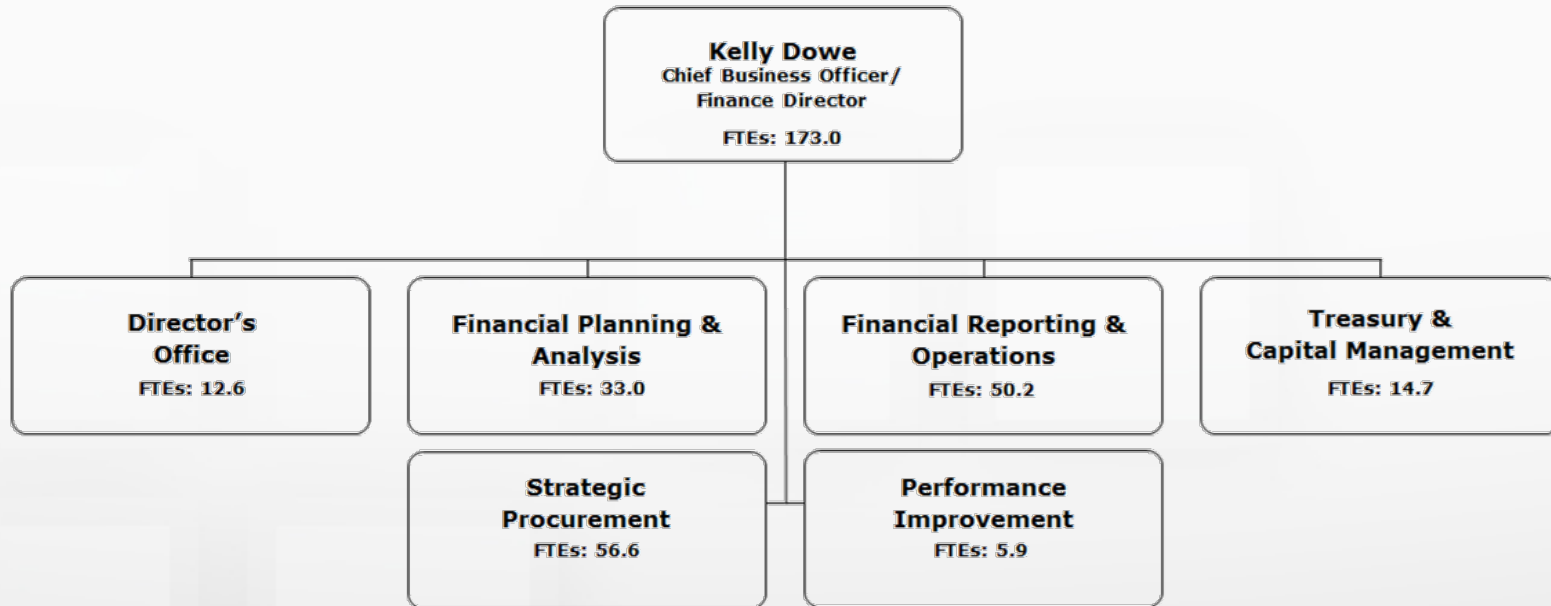


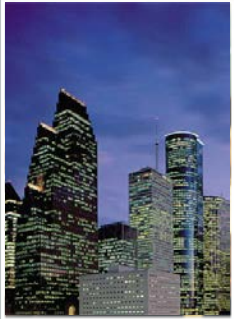
FISCAL YEAR 2016 PROPOSED BUDGET PRESENTATION

Kelly Dowe, Chief Business Officer/Finance Director

June 4, 2015

Finance Department Organizational Chart





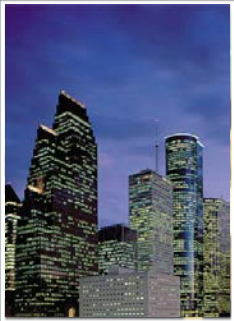
Department FY15 Accomplishments

Promote fiscal responsibility

- ⦿ Met goal of \$20 million incremental increase in accounts receivable collections one year ahead of schedule
- ⦿ Refinanced City debt for net present value savings of \$39.6 million
- ⦿ Saved \$260,000 in annual fees with renewal of City credit line
- ⦿ Partnered with HFD to assist in the management of overtime spending
- ⦿ Achieved significant reduction in findings in FY14 City audit
- ⦿ Strengthened financial policies to guide City's long-term fiscal management

Engage staff, providing resources needed to get the job done

- ⦿ Earned IASSC accreditation for City's Lean Six Sigma program, becoming the nation's first accredited municipal LSS program
- ⦿ Expedited onboarding for new employees
- ⦿ Created new internal communication and information-sharing opportunities



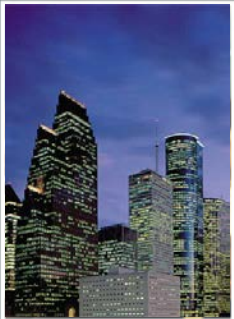
Department FY15 Accomplishments

Provide high-quality financial services and information to the Mayor's Office, City Council, City departments and citizens

- ⦿ Identified upcoming budget gaps and implemented steps to achieve FY16 budget balance
- ⦿ Developed models targeting optimal intervals for replacement of City personal computers and fuel sites for more strategic investment
- ⦿ Hosted Texas' biggest-ever city-sponsored Hackathon, doubling participation to more than 400 and yielding 29 projects to improve City service
- ⦿ Supported administration of new Council District Service Budgets
- ⦿ Interdepartmental communication: "roundtables" and/or training focused on budget, procurement, grants, CIP, chargebacks; updated disaster response manual
- ⦿ Implemented vendor performance reviews for information-sharing on vendor quality

Improve process execution internally and citywide

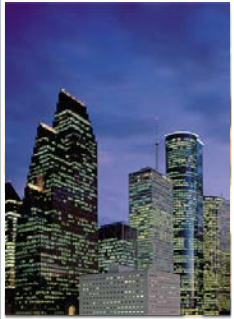
- ⦿ Improved budget development process to better track accuracy and progress and processing of off-cycle budget and CIP requests
- ⦿ Improved timeliness of accounts payable performance with service centralization for Fire, GSD (Energy), Fleet, HITS
- ⦿ Implemented the City of Houston's first procurement plan



Budget Summary – All Funds (in millions)

Fund	Revenue FY15 Budget	Revenue FY16 Proposed	+/- \$/%	Expenditures FY15 Budget	Expenditures FY16 Proposed	+/- \$/%	Fund Balance FY15 Budget ¹	Fund Balance FY16 Prop. ¹
General Fund/1000	\$1,752.83	\$1,826.02	\$73.2/ 4.2%	\$19.80	\$20.52	\$0.72/ 3.6%	N/A	N/A
Central Services Revolving Fund/ 1002 ²	\$3.97	\$5.55	\$1.58/ 40%	\$3.97	\$5.55	\$1.58/ 40%	\$0.00	\$0.00
Fleet Fund/ 1005 ²	\$1.29	\$0.00	\$(1.29)/ 100%	\$1.29	\$0.00	\$(1.29)/ -(100)%	\$0.00	\$0.00
Total	\$1,758.09	\$1,831.57	\$73.49/ 4.18%	\$25.06	\$26.07	\$1.01/ 4%	\$0.00	\$0.00

1. Beginning fund balances displayed. Beginning fund balances for FY15 represent ending FY14 fund balance as reported in FY14 CAFR. FY16 beginning fund balance is from FY15 estimate. (Final figure will be reported when FY15 CAFR is complete in late 2015).
2. FY2016 Budget for fund 1005 is reported in fund 1002.



FY16 Department Initiatives

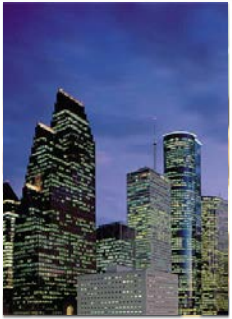
- ⦿ Asset Replacement Models
- ⦿ Credit Card Data Security Improvements
- ⦿ Budget Process Evaluation
- ⦿ Enterprise Risk Management
- ⦿ Accounts Payable Centralization
- ⦿ Procurement Code
- ⦿ Procurement and Contract Management System
- ⦿ Lean Six Sigma Black Belt Training
- ⦿ SAP Strategy Management
- ⦿ DISC & 360 Assessment
- ⦿ Employee Engagement Scores
- ⦿ Long-term Structural Budget Balance (Pension & OPEB Contributions)



Total Revenue By Fund (in millions)

Fund Name/ Number	FY14 Actual	FY15 Budget	FY15 Estimate	FY16 Budget	+/- \$/% FY16 Bud./FY15 Est.
General Fund/ 1000	\$1,626.07	\$1,752.83	\$1,772.61	\$1,826.02	\$53.41/ 3%
Central Services Revolving Fund/ 1002	\$1.27	\$3.97	\$3.50	\$5.55	\$2.05/ 58.6%
Fleet Fund/ 1005	\$0.86	\$1.29	\$1.29	\$0.00	\$ (1.29)/ -(100)%
Total	\$1,628.20	\$1,758.09	\$1,777.40	\$1,831.57	\$54.17/ 3.04%

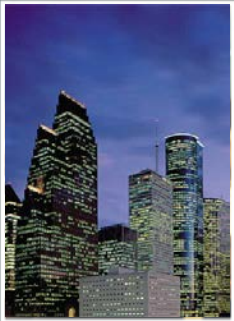
FY16 - Revenue Highlights



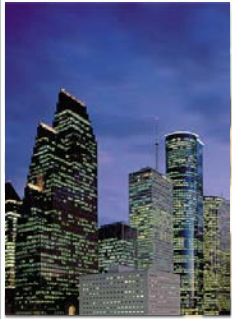
◎ **General Fund:**

- FY16 Revenue increased by \$53.4 million, or 3% from FY15 Current Budget mainly due to increase in property tax based on the limitation Prop 1+H, and sales tax derived from econometric models and Primary Metropolitan Statistical Area (PMSA) retail sales

Total Expenditures by Fund (in thousands)



Fund	Expenditure FY14 Actual	Expenditure FY15 Budget	Expenditure FY15 Estimate	Expenditure FY16 Proposed	+/- \$/% FY15 Bud vs FY16 Bud	FTEs FY15 Budget	FTEs FY16 Prop.
General Fund/ 1000	\$16,387.80	\$19,804.36	\$19,633.15	\$20,524.72	\$0.72/ 3.6%	117.9	121.5
Central Services Revolving Fund/1002	\$1.27	\$3.97	\$3.50	\$5.55	\$1.58/ 40%	38.0	51.5
Fleet Fund/ 1005	\$0.86	\$1.29	\$1.29	\$0.00	\$(1.29)/ -(100)%	12.2	0
Total	\$18.51	\$25.06	\$24.42	\$26.07	\$1.01/ 4%	168.10	173.00



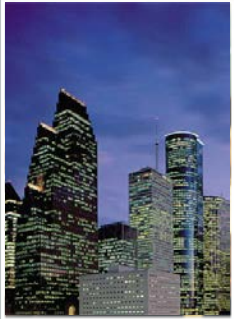
FY16 - Expenditure Highlights

◎ **General Fund:**

- The FY16 Budget provides funding for health benefits and pensions
- The FY16 Budget continues funding for the citywide Enterprise Risk Management (ERM) project to evaluate Internal Controls for various departments in the City

◎ **Central Service Revolving Fund:**

- The FY16 budget includes funding for Fleet Management support previously reported in Fleet Management Fund (Fund 1005)
- The FY16 budget provides funding for health benefits and pensions



FY16 Performance Measures

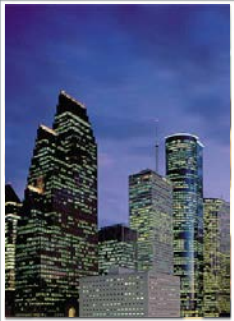
General Fund

Performance Measures	Priorities	FY14 Actual	FY15 Budget	FY15 Estimate	FY16 Budget
Procurement Projects vs. Procurement Plan	F	N/A	N/A	N/A	100%
Executive Insight Savings Citywide	F	N/A	\$5.0M	\$3.2M	\$5.1M
Compliance Rate with City Financial Policies	F	N/A	N/A	N/A	100%
Citywide Employees Trained in Lean Six Sigma	F	750	1,200	1,450	1,800
Procurement Cost Savings Identified/Negotiated	F	N/A	\$10.0M	\$28.8M	\$10.0M
City Contracts with Negotiated Early Payment Discounts	F	0%	2%	1%	5%
Average Days from Purchase Requisition to Purchase Order	F	7	10	7	10
Average Days to Procurement (MOU to Council Award)	F	92	130	122	130
Cost Allocation Plan vs Actual Indirect Cost Rate Recovery to the General Fund	F	95%	95%	95%	95%
Variance of Property Tax Collection Rate Forecast to Actual	F	1%	1%	1%	1%

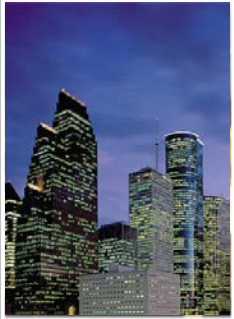


FY16 Performance Measures

General Fund



Performance Measures	Priorities	FY14 Actual	FY15 Budget	FY15 Estimate	FY16 Budget
Variance of Monthly Sales Tax Revenue Forecast to Actual (benchmark: 3 yr avg = 4.5%)	F	0.1%	4.0%	3.4%	4.0%
CIP Plan vs Appropriation	F	N/A	100%	77%	100%
Average Weighted General Obligation Debt Maturity (years)	F	8.6	12.0	8.5	12.0
Citywide General Fund Expenditures Budget vs Actual Utilization	F	99%	98%	100%	98%
Citywide General Fund Revenues Budget vs Actual Utilization	F	102%	100%	103%	100%
Unassigned Fund Balance as % of General Fund Expenditures less Debt Service/PAYGO	F	12.2%	7.5%	12.0%	7.5%
Debt Service Expenditures as % of General Fund Revenues	F	12%	20%	12%	20%
Expenditures Budget vs Actual Utilization	F	85%	98%	99%	98%
Revenues Budget vs Actual Utilization	F	102%	100%	101%	100%



FY16 Performance Measures

Other Funds

Performance Measures	Priorities	FY14 Actual	FY15 Budget	FY15 Estimate	FY16 Budget
Collection Rate for EMS	F	32%	32%	34%	32%
Cost per Invoice Processed	F	N/A	NA	NA	\$45
Collection Rate of Vendor Managed Revenues	F	35%	35%	35%	35%
Invoice Payments Processed in 30 Days of Receipt	F	96%	95%	95%	95%
Chargebacks Processed for Departments in 45 days	F	100%	100%	100%	100%
Client Department Expenditures Budget vs Actual Utilization	F	98%	98%	99%	98%

Diversity Headcount



FINANCE DEPARTMENT

Workforce Analysis

As of May 2015

EEOJ Category, Ethnicity, and Gender

EEOJ Category	Males					Females					Totals				
	White	Black	Hispanic	Asian/ P.I.	Totals	White	Black	Hispanic	Asian / P.I.	Totals	White	Black	Hispanic	Asian / P.I.	Totals
Officials & Administrators	7	6	1	3	17	4	9	5	3	21	11	16	6	6	38
Professionals	13	15	8	6	42	6	35	15	13	69	19	49	23	21	111
Administrative Support	0	0	0	0	0	0	2	0	1	3	0	2	0	1	3
TOTALS	20	21	9	9	59	9	46	20	17	93	29	66	29	28	152